

Message Text

UNCLASSIFIED

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70

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 IO-13 NEA-10 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20

DODE-00 PA-03 USIA-12 PRS-01 RSR-01 /165 W

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R 261820 Z JUN 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 079

INFO AMEMBASSY COPENHAGEN

UNCLAS PARIS 17590

E. O. 11652: N/A

TAGS: ECON, OECD, DA

SUBJECT: EDRC REVIEW OF DANISH ECONOMY

REF: USOECD 15534

1. DANISH DELEGATION HEADED BY USSING, MIN ECON AFFAIRS AND BUDGET, ABLY FIELDDED QUESTIONS FROM SECRETARIAT AND EDRC MEMBERS AND AGREED IN GENERAL WITH SECRETARIAT'S DRAFT SURVEY. HE SAID DANISH GNP EXPECTED RISE 5 TO 5,5 PER CENT IN 1973 NOT 6 PER CENT AS SECRETARIAT FORECAST. THIS DUE TO CAPACITY LIMITATION AND EFFECTS STRIKE EARLIER THIS YEAR. INFLATION WAS KEY PROBLEM: HIGH LEVEL DOMESTIC DEMAND AND IMPORT PRICES 6 PER CENT HIGHER THAN LAST YEAR WERE PRINCIPAL ELEMENTS. USSING ADMITTED GOVERNMENT SHOULD HAVE APPLIED BRAKES SOONER TO DOMESTIC DEMAND AND THIS WOULD HAVE PRESTENDED NO RISK TO UNEMPLOYMENT. HOWEVER, MONETARY POLICY WOULD NOT BE TIGHTENED TO POINT IT WOULD CUT OFF NEEDED INVESTMENT. REAL PUBLIC EXPENDITURES EXPECTED SLOW DOWN IN COURSE 73/74 BECAUSE SOME CHANGES IN VIEWS POLITICAL PARTIES, AND AGREEMENT BETWEEN CENTRAL AND LOCAL AUTHORITIES TO RETAIN BORROWING CEILINGS IN 74 AND 73 BUDGETED LVEL.

2. ON CURRENT ACCOUNT BALANCE PAYMENTS, USSING SAID IT WAS UNCLASSIFIED

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NOT IMPROVING AS EXPECTED, MAINLY BECAUSE IMPORT GROWTH RELATED
TO CONTINUING HIGH LEVEL DEMAND AND HEAVY DOMESTIC INVESTMENT
WOULD OUTSPACE EXPORT GROWTH. SINCE REFERENDUM, THERE HAD BEEN
SUBSTANTIAL CAPITAL INFLOW - 250 MIL KR IN FIRST QUARTER 73 -
AND CAPITAL ACCOUNT WOULD LIKELY OFFSET OR MORE THAN OFFSET
CURRENT ACCOUNT DEFICIT. BROWN

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NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
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Original Previous Classification: n/a
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US Department of State
EO Systematic Review
30 JUN 2005

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